

STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
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BOARD OF PENSION TRUSTEES
PUBLIC MEETING MINUTES OF NOVEMBER 18, 2022

The meeting of the Board of Pension Trustees was called to order by Suzanne Grant, Chair, at 9:01 a.m., via videoconferencing.

Trustees Present

Suzanne Grant
Art Agra
Cerron Cade
Rick Geisenberger
Ken Simpler
Harold Stafford
Nancy Shevock

Others Present

Joanna Adams, Pension Administrator
Stephenie Tatman, Deputy Pension Administrator
Ryan Connell, Deputy Attorney General
William O'Brien, Deputy Attorney General
Mary Wood, Pension Office
Vicki Schultes, Pension Office
Cindy Starr, Pension Office
Joshua Hitchens, Pension Office
Kristal Diaz, Pension Office

Amy Cole, Pension Office
Kari Overington, Pension Office
Robin Hartnett-Sterner, Pension Office
Jim Doyle, BDO
Keith Hammond, BDO
Rob Gooderham, Windmark Investment Partners
Garry Musto, Windmark Investment Partners
Kevin Balaod, journalist, *With.Intelligence*

1. OPENING COMMENTS

S. Grant welcomed everyone to the meeting virtually.

2. APPROVAL OF THE MINUTES OF THE BOARD OF PENSION TRUSTEES MEETING OF OCTOBER 28, 2022

The Public Minutes of the October 28, 2022 meeting were reviewed; technical changes were recommended.

MOTION was made by N. Shevock and seconded by H. Stafford to approve the Public Minutes of the October 28, 2022 Board of Pension Trustees with technical changes as noted.

MOTION ADOPTED UNANIMOUSLY

The Executive Minutes of the October 28, 2022 meeting were reviewed in Executive Session.

MOTION was made by N. Shevock and seconded by A. Agra to approve the Executive Minutes of the October 28, 2022 Board of Pension Trustees meeting as presented.

MOTION ADOPTED UNANIMOUSLY

3. AUDIT COMMITTEE REPORT

H. Stafford reported that the Audit Committee welcomed Khairat Makanjuola as the new Internal Audit Director during the November 4, 2022 Audit Committee meeting. BDO also presented their audit summary of the Fiscal Year 2022 Annual Comprehensive Financial Report (ACFR), to be presented to the Board of Pension Trustees later in the Board meeting. The Audit Committee made a motion to recommend that the Board of Pension Trustees, upon its review, approve the Fiscal Year 2022 ACFR audit. The Audit Committee also unanimously approved a 2-year extension of BDO's external audit contract.

FISCAL YEAR 2022 EXTERNAL AUDIT

The Fiscal Year 2022 External Audit was reviewed in Executive Session.

MOTION was made by N. Shevock and seconded by H. Stafford to accept the Fiscal Year 2022 External Audit as presented.

MOTION ADOPTED UNANIMOUSLY

INTERNAL AUDIT UPDATE

There was nothing to report.

The next Audit Committee meeting is scheduled for February 10, 2023.

4. GOVERNANCE COMMITTEE REPORT

Ms. Adams reported that the Governance Committee met on November 9, 2022 and reviewed the Fiscal Year 2022 Actuarial Valuation. A status update was also provided on the Summary Plan Document progress, acknowledging that there is additional work to be done on the remaining Plan Documents.

DTI has the latest draft of the Memorandum of Understanding (MOU) with the Department of Technology and Information (DTI); Office legal staff is waiting for DTI's feedback. The next MOU to be completed is for the Department of Justice (DOJ).

Further, the Governance Committee is requesting a member of the Audit Committee to serve as a liaison between committees.

The next Governance Committee meeting is scheduled for February 28, 2023.

5. PENSION ADVISORY COUNCIL REPORT

Ms. Adams reported on the November 15, 2022 Pension Advisory Council meeting. The election of officers will take place no later than the January 2023 meeting, as the suggested nominees were absent. Joe Malloy has served as chair for many years and will be stepping down in 2023. Council members will either defer the elections until the January 2023 meeting or have a special meeting for only the nomination and election of officers between now and the January 2023 meeting. Mr. Malloy is reaching out to potential officers for next year; the result of that outreach will determine the scheduling of the special meeting.

S. Grant shared that it has been a pleasure working with Mr. Malloy, and everyone wishes him the best. The next Pension Advisory Council meeting is scheduled for January 10, 2023.

6. STATE PENSION ADMINISTRATOR'S REPORT

EMPLOYEE RECOGNITION

Ms. Adams recognized the Payroll and Benefits sections. November activities include a one-time supplemental pay for retirees. Many of our pensioners pay their healthcare premiums by personal check. The process becomes more complex when one-time supplemental payments are paid. The Pensions Office will be confirming payroll before the Thanksgiving holiday.

The Department of Human Resources (DHR) hosted a recognition luncheon for Statewide Benefits Office and Pension Office staff for their work involving the Medicare Advantage Plan. While the true transition did not take place, a monumental effort has been ongoing to initially start the process and are now reverting to the Special Medicfill option.

Ms. Adams also recognized Investments and Accounting regarding their work on the Annual Comprehensive Financial Report (ACFR). Investments and Accounting deal with completely different challenges than the other sections within the office. The Fiscal Year 2022 report was more challenging to complete than the report from previous years.

In addition, the Office of Pensions recently celebrated a week-long fall festival. Staff participated in a dueling desserts contest where the sections competed against each other, showing off their culinary skills and creativity.

Lastly, we had an “appreciation turkey” in the office this month that spread cheer and positivity by creating baskets for each section. The baskets were decorated with a Thanksgiving theme, seasonal décor, delicious homemade baked goods, and token gifts. This past month has been good to reset and enjoy each other while being happy about the work that we are doing.

POSITIONS UPDATE

Ms. Adams reported that the flurry of hiring activity is ongoing. The HRIS Specialist III position is on hold while it is being reclassified. Two HR Supervisor and two HR Analyst I positions have been posted. K. Makanjuola's former position as Cash & Debt Manager will be posted after we get through the holidays. The Human Resource (HR) Associate position that was vacated by an internal promotion will be reclassified to an HR Analyst.

Lastly, the Request to Hire documentation for the two HR Analyst I positions and the HRIS Administrator – the three dual incumbency limited-term positions to support the ERP modernization project - have been submitted to DHR.

OFFICE ACTIVITIES

Ms. Adams reported that going forward, the Board of Pension Trustees will be introduced to Microsoft Teams. Teams is a cloud-based platform within the Microsoft Office suite. The Office of Pensions presently uses Teams for videoconferencing, file sharing, and scheduling. Teams will be used as a Board of Pension Trustees portal and will allow Office staff, Board, and subcommittee members to share meeting materials and other information on the portal in advance of the formal Board (or subcommittee) meeting packet release. Office staff will provide instructions to the Board members; if Teams doesn't meet our needs, the Office will look for alternatives to improve file sharing.

Ms. Adams is out of the office on vacation from November 21 – 25, 2022.

MOTION made by A. Agra and seconded by K. Simpler to enter into Executive Session to consider pension personnel matters, confidential medical records, legal matters, sensitive commercial trade secrets, and confidential financial information.

MOTION ADOPTED UNANIMOUSLY

MOTION made by A. Agra and seconded by H. Stafford to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

7. DEPUTY ATTORNEY GENERAL REPORT

There was nothing to report.

8. INVESTMENT COMMITTEE REPORT

Mr. Gooderham reported that, following weakness in recent months, equity markets rebounded in October. While corporate earnings results over the period revealed some weakness, results were better than feared. Inflation continued to weigh on market sentiment, with the September CPI report coming in above expectations. The broad US equity market, as measured by the Russell 3000 index, moved higher by 8.2%. Within US equities, small cap outperformed large cap and value outpaced growth. International equity performance was mixed as the developed market MSCI EAFE index was up 5.4%, while the MSCI Emerging Markets index declined by 3.1%. In fixed-income markets, yields moved higher (prices higher) and credit spreads tightened, resulting in a 1.1% loss for the Bloomberg Universal bond index, while the more credit-sensitive Bloomberg High Yield index moved higher by 2.6%.

Mr. Gooderham reported that DPERS Fund assets at Northern Trust were estimated to be \$12,613.5 million at October 31st, 2022, representing a net increase of \$358.1 million during the month. Estimated returns through October 31st, 2022 are as follows:

	Month Ended 10-31-22	Fiscal YTD 10-31-2022	Calendar YTD 10-31-22	1 Year Ended 10-31-22
Total Fund	3.3	-2.6	-17.2	-15.6
DPERS Policy Benchmark**	4.2	-1.5	-18.5	-17.8
S&P 500 Index	8.1	2.8	-17.7	-14.6

** Benchmark mix: 46% Russell 3000 Index, 24% MSCI ACWI ex US IMI (Net), 27.0% BB Universal Bond Index, 3% T-bills

Mr. Gooderham reported that the Committee met once in November on the 15th. At that meeting, he advised that, in addition to the approved items below, the Committee reviewed and discussed:

- A presentation by Kiltearn on their Global Equity Strategy
- The Annual Cash Flow Review
- The Third Quarter Investment Review
- Vision Ridge Annex Fund – Amendment Update
- Trident Capital Fund VI – Amendment
- Actuarial Update

Mr. Gooderham also advised that the following items were approved at the November 15th meeting under the Committee’s authority:

- An amendment to the Limited Partnership Agreement for Trident Capital Fund-VI, L.P., subject to legal review.
- Voted unanimously in favor of withdrawing \$65 million from Baillie Gifford Long Term Global Growth. Proceeds will be allocated by investing \$50 million into the Durable Capital account and \$15 million into the Cash account.
- With one member abstaining, voted unanimously in favor of investing the upcoming \$198 million state contribution by allocating \$100 million into the BlackRock US Aggregate Index account and \$98 million into the Cash account.

The next Investment Committee meeting is scheduled for December 13, 2022.

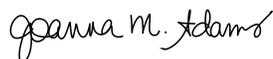
10. ADJOURNMENT

At 10:38 a.m., there being no further business:

MOTION was made by H. Stafford and seconded by A. Agra to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,



Joanna M. Adams
Pension Administrator


Suzanne B. Grant (Dec 21, 2022 10:21 EST)
Suzanne B. Grant, Chair
Board of Pension Trustees